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FOR IMMEDIATE RELEASE

Terry Goddard Announces Settlement with Tucson Unified School District

(Phoenix, Ariz. – January 29, 2009) Arizona Attorney General Terry Goddard today announced a settlement with Tucson Unified School District (TUSD) that resolves a lawsuit concerning TUSD's alleged violation of state procurement laws.

Also named in the suit are former TUSD employee Guyton Campbell and current TUSD employee Rudy Flores, along with TUSD vendors Trillion Partners, Inc. (Trillion), E-Rate Consulting Services, L.L.C. (E-Rate Consulting) and Logical Choice Technologies, Inc. (Logical Choice). The lawsuit against these employees and vendors is ongoing; today's settlement involves only the school district.

In 2006, the TUSD officials requested that the Attorney General investigate the district's procurement of technology and E-Rate consulting services. In 2008, that investigation expanded to include an examination of TUSD's procurement of interactive white boards. The Attorney General's investigation revealed that:

- Campbell and Flores had improper contact and communication with Trillion before and during TUSD's competitive purchasing process;
- TUSD extensively relied on consultants for technology products and spent more than \$40,000 for consultants' services that produced no results;
- Trillion and E-Rate Consulting conspired with each other, and with TUSD employees, to ensure each obtained a district contract, harming competition and violating state antitrust laws, the school procurement code and the federal E-Rate program rules;
- Flores, Campbell and other TUSD personnel circumvented the school procurement code and district policies without consequences;
- Flores, Campbell and E-Rate Consulting split purchases in order to avoid competitive purchasing requirements;
- TUSD paid over \$342,000 to Logical Choice for goods and services with no competitive purchasing process; and
- TUSD personnel, including district leaders and key decision makers, accepted gifts and gratuities from current and prospective vendors, including gift cards, meals, and lodging at a Tucson area resort.

According to the settlement, TUSD agreed to the following provisions:

- TUSD and its employees will refrain from accepting gifts and gratuities from vendors and will strictly follow procurement laws and regulations;
- TUSD will retrain its employees in vendor relations, public records, competitive purchasing and procurement;
- TUSD will pay a penalty of \$7,500 as partial reimbursement to the Attorney General for the costs of investigation; and
- TUSD will obtain independent audits of its vendor relations and procurement practices every six months for the three-year term of the Consent Judgment.

“The public deserves to have confidence that our public officials and employees are careful stewards of the public funds entrusted to them,” Goddard said. “School districts and vendors who circumvent procurement requirements harm competition and violate the trust of our citizens.”

The lawsuit, filed in the Maricopa County Superior Court, is captioned CV2009-003035. A copy of the complaint, settlement and investigative report are attached.

For more information, contact Anne Hilby at (602) 542-8019.

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